

# COUNTY OF KING & QUEEN, VIRGINIA



ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**COUNTY OF KING & QUEEN, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2010**

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## COUNTY OF KING & QUEEN, VIRGINIA

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### BOARD OF SUPERVISORS

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Milton W. "Pete" McDuff	Doris H. Morris, Chairperson	J. Lawrence Simpkins
Sherrin C. Alsop		James M. Milby, Jr.

### COUNTY SCHOOL BOARD

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Eileen V. Long	Cora L. Armstrong, Chairperson	Chauncey L. Robinson
Loise H. Carlton		Gwynn B. Litchfield

### SOCIAL SERVICES BOARD

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Florence Cooke	Belinda Baylor, Chairperson	Vanessa Porter
Cheryl Shine		Laura Mae Willis

### OTHER OFFICIALS

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Judge of the Circuit Court .....	Thomas B. Hoover
Clerk of the Circuit Court .....	Deborah F. Longest
Commonwealth's Attorney .....	Charles Adkins
Commissioner of the Revenue.....	Helen M. Longest
Treasurer .....	Irene Longest
Sheriff .....	E. D. Walton
Superintendent of Schools .....	Richard W. Layman
Director of Social Services .....	Betty Dougherty
County Administrator .....	Thomas J. Swartzwelder
Clerk of the School Board .....	Suzanne Gilbertson
County Attorney .....	Thomas J. Swartzwelder

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FINANCIAL REPORT  
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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITOR'S REPORT

To The Honorable Members of the Board of Supervisors  
County of King & Queen  
King & Queen Courthouse, Virginia

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of King and Queen, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of King and Queen, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of King and Queen, Virginia, as of June 30, 2010, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2011, on our consideration of the County of King and Queen, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The Management's Discussion and Analysis, budgetary comparison information, and Schedules of Pension Funding Progress and Funding Progress for the Retiree Healthcare Plan as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of King and Queen, Virginia's, basic financial statements. The other supplementary information and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of King and Queen, Virginia. The other supplementary information and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Roberta L. Fann, Cox ASNT*

Richmond, Virginia  
January 18, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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To the Honorable Members of the Board of Supervisors  
To the Citizens of King and Queen County  
County of King and Queen, Virginia

As management of the County of King and Queen, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. Please read it in conjunction with the County's basic financial statements, which follow this section.

### Financial Highlights

#### Government-wide Financial Statements

- < The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$18,747,797 (net assets).

#### Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other uses of \$1,911,790 (Exhibit 5) after making contributions totaling \$3,761,080 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$18,367,911 an increase of \$1,911,790 in comparison with the prior year.
- < At the end of the current fiscal year, unreserved fund balance for the general fund was \$16,609,020 or 144% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased \$576,220 during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### Overview of the Financial Statements (Continued)

#### Government-wide financial statements (Continued)

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of King and Queen, Virginia itself (known as the primary government), but also a legally separate school district for which the County of King and Queen, Virginia is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of King and Queen, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has three major governmental funds - the General Fund, the Capital Projects Fund and the Special Revenue Fund.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit - School Board. The School Board does not issue separate financial statements.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$18,747,797 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

County of King and Queen, Virginia's Net Assets

	Governmental Activities	
	2010	2009
Current and other assets	\$ 19,557,687	\$ 17,177,729
Capital assets	5,243,304	5,734,160
Total assets	\$ 24,800,991	\$ 22,911,889
Current liabilities	\$ 1,000,153	\$ 355,532
Long-term liabilities outstanding	5,053,041	5,629,261
Total liabilities	\$ 6,053,194	\$ 5,984,793
Net assets:		
Invested in capital assets, net of related debt	\$ 2,463,329	\$ 2,442,506
Unrestricted	16,284,468	14,484,590
Total net assets	\$ 18,747,797	\$ 16,927,096

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis (Continued)

During the current fiscal year, the County's net assets increased by \$1,820,701. The following table summarizes the County's Statement of Activities

	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 3,809,129	\$ 4,157,409
Operating grants and contributions	2,321,552	2,429,879
Capital grants and contributions	122,783	103,073
General revenues:		
General property taxes	5,488,787	5,450,427
Other local taxes	639,854	762,763
Grants and other contributions not restricted	1,078,190	905,252
Other general revenues	208,914	754,914
Total revenues	<u>\$ 13,669,209</u>	<u>\$ 14,563,717</u>
Expenses:		
General government administration	\$ 1,174,459	\$ 1,260,537
Judicial administration	610,178	601,917
Public safety	2,399,846	2,201,455
Public works	681,508	2,948,485
Health and welfare	1,909,365	2,072,942
Education	4,122,668	4,321,829
Parks, recreation, and cultural	207,000	214,630
Community development	571,849	456,491
Interest and other fiscal charges	171,635	201,368
Total expenses	<u>\$ 11,848,508</u>	<u>\$ 14,279,654</u>
Change in net assets	\$ 1,820,701	\$ 284,063
Beginning of year	16,927,096	16,643,033
End of year	<u>\$ 18,747,797</u>	<u>\$ 16,927,096</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### Financial Analysis of the County's Funds

As noted earlier, the County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$18,367,911, an increase of \$1,911,790 in comparison with the prior year. Approximately 90% of this total amount constitutes unreserved General Fund balance, which is available for spending at the County's discretion.

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were increases of \$163,065 and can be briefly summarized as follows:

- ▶ \$ 448,677 increase in debt service expenditures
- ▶ \$ 50,353 increase in public safety expenditures
- ▶ \$ 32,878 increase in community development expenditures
- ▶ \$ 79,834 increase in various other expenditures
- ▶ \$ 448,677 decrease in education expenditures

During the year, actual revenues and other sources of the General Fund exceeded budgetary estimates by \$422,211. Budgetary estimates exceeded actual expenditures and other uses by \$1,287,226. The combination of the two resulted in a positive variance of \$1,709,437.

### Capital Asset and Debt Administration

- ▶ Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2010 amounts to \$5,243,304 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$2,779,975. Of this amount, \$1,214,975 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds).

During the current fiscal year, the County's total debt decreased by \$576,220.

Additional information on the County of King and Queen, Virginia's long-term debt can be found in Note 7 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### Economic Factors and Next Year's Budgets and Rates

- < The unemployment rate for the County of 8.7 percent compares to the state's average unemployment rate of 7.1 percent.
- < Inflationary trends in the region compare to national indexes.

All of these factors were considered in preparing the County's budget for the 2011 fiscal year.

The fiscal year 2011 budget decreased by approximately 8% and all tax rates remained the same.

### Requests for Information

This financial report is designed to provide a general overview of the County of King and Queen, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, Allens Circle and Courthouse Landing Road, King and Queen Courthouse, Virginia 23085.

## ***BASIC FINANCIAL STATEMENTS***



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***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

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County of King and Queen, Virginia  
Statement of Net Assets  
June 30, 2010

	Primary Government Governmental Activities	Component Unit School Board
<b>ASSETS</b>		
Cash and cash equivalents	\$ 18,449,145	\$ -
Investments	251,034	-
Receivables (net of allowance for uncollectibles):		
Taxes receivable	309,779	-
Accounts receivable	113,315	101,756
Due from other governmental units	287,339	887,117
Inventories	-	8,478
Prepaid expenses	147,075	-
Capital assets (net of accumulated depreciation):		
Land	103,391	39,639
Buildings and improvements	3,660,687	-
Machinery and equipment	264,252	369,773
Jointly owned assets	1,214,974	3,179,362
Total assets	<u>\$ 24,800,991</u>	<u>\$ 4,586,125</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 336,257	\$ 964,011
Reconciled overdraft payable	-	68,115
Accrued interest payable	73,070	-
Due to other governmental units	421,677	-
Deferred revenue	169,149	-
Long-term liabilities:		
Due within one year	531,293	9,125
Due in more than one year	4,521,748	112,483
Total liabilities	<u>\$ 6,053,194</u>	<u>\$ 1,153,734</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 2,463,329	\$ 3,588,774
Unrestricted (deficit)	16,284,468	(156,383)
Total net assets	<u>\$ 18,747,797</u>	<u>\$ 3,432,391</u>
 Total liabilities and net assets	 <u>\$ 24,800,991</u>	 <u>\$ 4,586,125</u>

The notes to the financial statements are an integral part of this statement.

County of King and Queen, Virginia  
Statement of Activities  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	School Board
<b>PRIMARY GOVERNMENT:</b>						
Governmental activities:						
General government administration	\$ 1,174,459	\$ -	\$ 177,025	\$ -	\$ (997,434)	\$ -
Judicial administration	610,178	159,796	278,761	-	(171,621)	-
Public safety	2,399,846	120,524	563,990	-	(1,715,332)	-
Public works	681,508	3,528,809	-	-	2,847,301	-
Health and welfare	1,909,365	-	1,285,333	-	(624,032)	-
Education	4,122,668	-	-	-	(4,122,668)	-
Parks, recreation, and cultural	207,000	-	5,125	-	(201,875)	-
Community development	571,849	-	11,318	122,783	(437,748)	-
Interest on long-term debt	171,635	-	-	-	(171,635)	-
Total governmental activities	\$ 11,848,508	\$ 3,809,129	\$ 2,321,552	\$ 122,783	\$ (5,595,044)	\$ -
Total primary government	\$ 11,848,508	\$ 3,809,129	\$ 2,321,552	\$ 122,783	\$ (5,595,044)	\$ -
<b>COMPONENT UNIT:</b>						
School Board	\$ 10,587,281	\$ 138,712	\$ 6,051,286	\$ 109,763	\$ (4,287,520)	\$ (4,287,520)
Total component unit	\$ 10,587,281	\$ 138,712	\$ 6,051,286	\$ 109,763	\$ (4,287,520)	\$ (4,287,520)
General revenues:						
General property taxes		\$ 5,488,787	\$ -			
Other local taxes:						
Local sales and use taxes				173,820		
Consumers' utility taxes				193,302		
Motor vehicle licenses				205,622		
Other local taxes				67,110		
Unrestricted revenues from use of money and property				80,345		
Miscellaneous				128,569		200,986
Payments from King and Queen County				-		4,117,760
Grants and contributions not restricted to specific programs				1,078,190		-
Total general revenues				\$ 7,415,745	\$ 4,318,746	
Change in net assets				1,820,701	31,226	
Net assets - beginning				16,927,096	3,401,165	
Net assets - ending				\$ 18,747,797	\$ 3,432,391	

The notes to the financial statements are an integral part of this statement.

## *FUND FINANCIAL STATEMENTS*

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County of King and Queen, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,695,364	\$ 461,840	\$ 1,291,941	\$ 18,449,145
Investments	251,034	-	-	251,034
Prepaid items	-	147,075	-	147,075
Receivables (net of allowance for uncollectibles):				
Taxes receivable	309,779	-	-	309,779
Accounts receivable	92,144	-	21,171	113,315
Due from other funds	-	-	27,677	27,677
Due from other governmental units	181,460	-	105,879	287,339
Total assets	<u>\$ 17,529,781</u>	<u>\$ 608,915</u>	<u>\$ 1,446,668</u>	<u>\$ 19,585,364</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 186,640	\$ 14,380	\$ 135,237	\$ 336,257
Due to other funds	27,677	-	-	27,677
Due to other governmental units	421,677	-	-	421,677
Deferred revenue	284,767	147,075	-	431,842
Total liabilities	<u>\$ 920,761</u>	<u>\$ 161,455</u>	<u>\$ 135,237</u>	<u>\$ 1,217,453</u>
Fund balances:				
Unreserved, reported in:				
General fund	\$ 16,609,020	\$ -	\$ -	\$ 16,609,020
Special revenue funds	-	-	1,311,431	1,311,431
Capital projects funds	-	447,460	-	447,460
Total fund balances	<u>\$ 16,609,020</u>	<u>\$ 447,460</u>	<u>\$ 1,311,431</u>	<u>\$ 18,367,911</u>
Total liabilities and fund balances	<u>\$ 17,529,781</u>	<u>\$ 608,915</u>	<u>\$ 1,446,668</u>	<u>\$ 19,585,364</u>

The notes to the financial statements are an integral part of this statement.



County of King and Queen, Virginia  
 Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Assets  
 June 30, 2010

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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 18,367,911
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,243,304
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	262,693
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:	
Lease revenue bond	\$ (1,565,000)
General obligation bonds	(1,214,975)
Accrued interest payable	(73,070)
OPEB liability	(4,952)
Landfill closure liability	(2,146,711)
Compensated absences	(121,403)
	<u>(5,126,111)</u>
Net assets of governmental activities	<u>\$ 18,747,797</u>

The notes to the financial statements are an integral part of this statement.

County of King and Queen, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 5,678,269	\$ -	\$ -	\$ 5,678,269
Other local taxes	639,854	-	-	639,854
Permits, privilege fees, and regulatory licenses	78,962	-	-	78,962
Fines and forfeitures	147,261	-	-	147,261
Revenue from the use of money and property	75,219	1,868	3,258	80,345
Charges for services	3,582,906	-	-	3,582,906
Miscellaneous	128,569	-	-	128,569
Recovered costs	85,994	-	-	85,994
Intergovernmental revenues:				
Commonwealth	2,260,258	-	518,767	2,779,025
Federal	743,500	-	-	743,500
Total revenues	<u>\$ 13,420,792</u>	<u>\$ 1,868</u>	<u>\$ 522,025</u>	<u>\$ 13,944,685</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,171,879	\$ -	\$ -	\$ 1,171,879
Judicial administration	513,882	-	-	513,882
Public safety	1,972,378	-	56,052	2,028,430
Public works	715,845	-	-	715,845
Health and welfare	1,297,721	-	635,069	1,932,790
Education	3,765,988	-	-	3,765,988
Parks, recreation, and cultural	198,307	-	-	198,307
Community development	554,621	-	-	554,621
Capital projects	161,406	293,404	-	454,810
Debt service:				
Principal retirement	511,679	-	-	511,679
Interest and other fiscal charges	184,664	-	-	184,664
Total expenditures	<u>\$ 11,048,370</u>	<u>\$ 293,404</u>	<u>\$ 691,121</u>	<u>\$ 12,032,895</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,372,422</u>	<u>\$ (291,536)</u>	<u>\$ (169,096)</u>	<u>\$ 1,911,790</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 150,000	\$ 322,579	\$ 472,579
Transfers out	(472,579)	-	-	(472,579)
Total other financing sources (uses)	<u>\$ (472,579)</u>	<u>\$ 150,000</u>	<u>\$ 322,579</u>	<u>\$ -</u>
Net change in fund balances	\$ 1,899,843	\$ (141,536)	\$ 153,483	\$ 1,911,790
Fund balances - beginning	14,709,177	588,996	1,157,948	16,456,121
Fund balances - ending	<u>\$ 16,609,020</u>	<u>\$ 447,460</u>	<u>\$ 1,311,431</u>	<u>\$ 18,367,911</u>

The notes to the financial statements are an integral part of this statement.

County of King and Queen, Virginia  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2010

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Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$	1,911,790
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital outlay	\$	(144,889)	
Depreciation expense		279,065	
Transfer of joint tenancy assets to Component Unit from Primary Government		356,680	(490,856)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(189,482)
--	--	-----------

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The following is a summary of items supporting this adjustment:

Principal retired on county lease revenue bond	\$	155,000	
Increase in landfill closure liability		40,999	
Principal retired on school general obligation bonds		356,679	552,678

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

Decrease (increase) in interest payable	\$	13,029	
Decrease (increase) in OPEB liability		(1,976)	
Decrease (increase) in accrued leave		25,518	36,571

Change in net assets of governmental activities	\$	1,820,701
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The notes to the financial statements are an integral part of this statement.

County of King and Queen, Virginia  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 32,966
	<u>32,966</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 14,861
Amounts held for others	18,105
Total liabilities	<u>\$ 32,966</u>

The notes to the financial statements are an integral part of this statement.

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## *NOTES TO THE FINANCIAL STATEMENTS*

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## COUNTY OF KING & QUEEN, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2010

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#### Note 1—Summary of Significant Accounting Policies:

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The County of King & Queen, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County of King & Queen, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

#### Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Assets - The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component unit. Governments will report all capital assets in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.



## COUNTY OF KING & QUEEN, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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#### *Note 1—Summary of Significant Accounting Policies: (Continued)*

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Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the reporting model, governments provide budgetary comparison information in their annual reports, including a requirement to report the government's original budget with the comparison of final budget and actual results.

#### A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of King & Queen (the primary government) and its component units. Blended component unit, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

## COUNTY OF KING & QUEEN, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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#### Note 1—Summary of Significant Accounting Policies: (Continued)

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##### B. Individual Component Unit Disclosures

*Blended Component Unit.* The County has no blended component units at June 30, 2010.

*Discretely Presented Component Units.* The School Board members are elected by the citizens of King & Queen County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does issue a separate financial report which is available at the King and Queen County School Board office. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2010.

##### C. Other Related Organizations Included in the County's Financial Report

None

##### D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

## COUNTY OF KING & QUEEN, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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#### Note 1—Summary of Significant Accounting Policies: (Continued)

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##### D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

## COUNTY OF KING & QUEEN, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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#### Note 1—Summary of Significant Accounting Policies: (Continued)

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##### D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

##### Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund as a major governmental fund.

The General Fund is the primary operating fund of the County. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for government-wide reporting purposes.

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities. The County reports the Capital Projects Fund as a major fund.

The County reports the following non-major governmental funds:

Special Revenue Funds: Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Additionally, the County also reports the following fund types:

Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

##### E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

## COUNTY OF KING & QUEEN, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

AS OF JUNE 30, 2010

#### Note 1—Summary of Significant Accounting Policies: (Continued)

##### F. Investments

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

##### G. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$175,845 at June 30, 2010 and is comprised solely of property taxes.

##### Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

##### H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

## COUNTY OF KING & QUEEN, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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#### *Note 1—Summary of Significant Accounting Policies: (Continued)*

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##### H. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Building Improvements	40
Furniture, Vehicles, Office and Computer Equipment	5-20
Buses	10

##### I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

##### J. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension cost as it accrues.

##### K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2010

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***Note 1—Summary of Significant Accounting Policies: (Continued)***

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L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Note 2—Stewardship, Compliance, and Accounting:***

---

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. On or before March 30<sup>th</sup>, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

## COUNTY OF KING & QUEEN, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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#### *Note 2—Stewardship, Compliance, and Accounting: (Continued)*

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4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

#### Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2010.

#### *Note 3—Cash and Cash Equivalents:*

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##### Deposits

All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

##### Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

##### Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2010 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio.



COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

AS OF JUNE 30, 2010

*Note 3—Cash and Cash Equivalents: (Continued)*

Credit Risk of Debt Securities (Continued)

Locality's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 16,950,648
U.S. Treasury Money Market Fund	251,034
Total	<u>\$ 17,201,682</u>

Interest Rate Risk

According to the County's investment policy, at no time shall the maturity or duration of an investment exceed five years.

Investment Maturities (in years)		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
U.S. Treasury Money Market Fund	\$ 251,034	\$ 251,034
Total	<u>\$ 251,034</u>	<u>\$ 251,034</u>

External Investment Pools

The fair value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2010

*Note 4—Due to/from Other Governments:*

At June 30, 2010, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
County of King & Queen	\$ -	\$ 421,677
Commonwealth of Virginia:		
Local sales tax	33,860	-
Welfare	18,485	-
Rolling stock tax	45	-
Communications tax	15,517	-
State Sales Tax	-	161,591
Constitutional officer reimbursements	77,856	-
Recordation tax	4,720	-
Forestry payment	11,318	-
Comprehensive Services Act	105,879	-
Federal Government:		
School fund grants	-	303,849
Welfare	19,659	-
Total due from other governments	<u>\$ 287,339</u>	<u>\$ 887,117</u>

At June 30, 2010, amounts due to other local governments are as follows:

Other Local Governments:		
County of King and Queen School Board	\$ <u>421,677</u>	\$ <u>-</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2010

**Note 5—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<i>Primary Government:</i>				
Capital assets not subject to depreciation:				
Land	\$ 103,391	\$ -	\$ -	\$ 103,391
Construction in progress	712,197	-	712,197	-
Total capital assets not subject to depreciation	<u>\$ 815,588</u>	<u>\$ -</u>	<u>\$ 712,197</u>	<u>\$ 103,391</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 4,500,017	\$ 790,501	\$ -	\$ 5,290,518
Machinery and equipment	1,185,838	66,585	-	1,252,423
Jointly owned assets	2,977,886	-	555,356	2,422,530
Total capital assets subject to depreciation	<u>\$ 8,663,741</u>	<u>\$ 857,086</u>	<u>\$ 555,356</u>	<u>\$ 8,965,471</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,478,679	\$ 151,152	\$ -	\$ 1,629,831
Machinery and equipment	860,258	127,913	-	988,171
Jointly owned assets	1,406,232	-	198,676	1,207,556
Total accumulated depreciation	<u>\$ 3,745,169</u>	<u>\$ 279,065</u>	<u>\$ 198,676</u>	<u>\$ 3,825,558</u>
Total capital assets subject to depreciation, net	<u>\$ 4,918,572</u>	<u>\$ 578,021</u>	<u>\$ 356,680</u>	<u>\$ 5,139,913</u>
Governmental activities capital assets, net	<u>\$ 5,734,160</u>	<u>\$ 578,021</u>	<u>\$ 1,068,877</u>	<u>\$ 5,243,304</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2010

**Note 5—Capital Assets: (Continued)**

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation:				
Land	\$ 39,639	\$ -	\$ -	\$ 39,639
Capital assets subject to depreciation:				
Machinery and equipment	\$ 1,520,034	\$ -	\$ -	\$ 1,520,034
Jointly owned assets	5,783,951	555,356	-	6,339,307
Total capital assets subject to depreciation	\$ 7,303,985	\$ 555,356	\$ -	\$ 7,859,341
Less: accumulated depreciation for:				
Machinery and equipment	\$ 1,045,918	\$ 104,343	\$ -	\$ 1,150,261
Jointly owned assets	2,731,325	428,620	-	3,159,945
Total accumulated depreciation	\$ 3,777,243	\$ 532,963	\$ -	\$ 4,310,206
Total capital assets subject to depreciation, net	\$ 3,526,742	\$ 22,393	\$ -	\$ 3,549,135
Component unit school board capital assets, net	\$ 3,566,381	\$ 22,393	\$ -	\$ 3,588,774

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:	
General government administration	\$ 16,678
Judicial administration	114,997
Public safety	119,380
Public works	7,361
Health and welfare	11,956
Parks, recreation and cultural	8,693
Total Governmental activities	\$ 279,065
Component Unit School Board	\$ 532,963

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2010

**Note 6—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2010, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 484,180
Capital projects fund	150,000	-
Special Revenue Fund	334,180	-
Total Primary Government	<u>\$ 484,180</u>	<u>\$ 484,180</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

**Note 7—Long-Term Obligations:**

**Primary Government:**

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2010:

	<u>Amounts Payable at July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 146,921	\$ -	\$ 25,518	\$ 121,403	\$ 12,140
OPEB liability	2,976	1,976	-	4,952	-
Lease revenue bonds	1,720,000	-	155,000	1,565,000	160,000
Landfill post closure care	2,187,710	-	40,999	2,146,711	-
Total incurred by County	<u>\$ 4,057,607</u>	<u>\$ 1,976</u>	<u>\$ 221,517</u>	<u>\$ 3,838,066</u>	<u>\$ 172,140</u>
Incurred by School Board:					
General obligation bonds	<u>\$ 1,571,654</u>	<u>\$ -</u>	<u>\$ 356,679</u>	<u>\$ 1,214,975</u>	<u>\$ 359,153</u>
Total incurred by School Board	<u>\$ 1,571,654</u>	<u>\$ -</u>	<u>\$ 356,679</u>	<u>\$ 1,214,975</u>	<u>\$ 359,153</u>
Total Governmental Obligations	<u>\$ 5,629,261</u>	<u>\$ 1,976</u>	<u>\$ 578,196</u>	<u>\$ 5,053,041</u>	<u>\$ 531,293</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2010

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*Note 7—Long-Term Obligations: (Continued)*

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Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	County Obligations	
	Lease Revenue Bonds Payable	
	Principal	Interest
2011	\$ 160,000	\$ 82,396
2012	170,000	73,587
2013	180,000	64,181
2014	190,000	54,000
2015	200,000	43,031
2016	210,000	31,500
2017	220,000	19,406
2018	235,000	6,609
Total	<u>\$ 1,565,000</u>	<u>\$ 374,710</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2010

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows: (Continued)

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2011	\$ 359,153	\$ 68,684
2012	356,525	45,828
2013	258,684	26,121
2014	160,000	10,409
2015	80,613	2,640
Total	<u>\$ 1,214,975</u>	<u>\$ 153,682</u>

Details of long-term indebtedness are as follows:

Long-Term Obligations:

	Total Amount
<u>Incurred by County:</u>	
<u>Lease Revenue Bonds:</u>	
\$3,000,000 lease revenue bond issued August 12, 1997, payable in various annual installments through 2017, interest payable semi-annually at 5.43%	\$ 1,565,000
OPEB liability	4,952
Landfill postclosure care	2,146,711
Compensated absences (payable by General Fund)	<u>121,403</u>
Total incurred by County	<u>\$ 3,838,066</u>

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2010

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows: (Continued)

	<u>Total Amount</u>
<u>Incurred by School Board:</u>	
<u>General Obligation Bonds:</u>	
\$1,499,179 School Bonds, Series 1992B issued July 15, 1992, due in annual installments of varying amounts through 2011, interest payable at varying rates from 4.85% to 6.60%	\$ 191,060
\$75,837 School Bonds, Series 1992A issued November 12, 1992, due in semi-annual installments of varying amounts through 2012, interest payable at varying rates from 4.90% to 6.35%	14,021
\$464,639 School Bonds, Series 1992B issued November 12, 1992, due in semi-annual installments of varying amounts through 2012, interest payable at varying rates from 4.90% to 6.35%	69,695
\$1,050,000 School Bonds, Series 1993C issued October 26, 1993, due in annual installments of varying amounts through June 15, 2014, interest payable at 4.72%	45,000
\$1,500,000 School Bonds, Series 1994A issued April 5, 1994, due in annual installments of varying amounts through July 15, 2013, interest payable at 6.17%	310,000
\$1,600,000 School Bonds, Series 1994B issued November 22, 1994, due in annual installments of \$80,000 plus interest through July 15, 2015, interest payable at 6.26%	400,000
\$621,247 School Bonds issued May 12, 1999, due in annual installments of varying amounts through May 2013, interest at 6.77%	185,199
Total General Obligation Bonds	<u>\$ 1,214,975</u>
Total incurred by School Board	<u>\$ 1,214,975</u>
Total Long-Term Obligations, Primary Government	<u>\$ 5,053,041</u>



# COUNTY OF KING & QUEEN, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

### Note 7—Long-Term Obligations: (Continued)

#### Component Unit - School Board:

	Amounts Payable at July 1, 2009	Increases	Decreases	Amounts Payable at June 30, 2010	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 124,903	\$ -	\$ 33,657	\$ 91,246	\$ 9,125
OPEB liability	12,900	37,362	19,900	30,362	-
Total Component Unit-School Board	<u>\$ 84,903</u>	<u>\$ 37,362</u>	<u>\$ 53,557</u>	<u>\$ 121,608</u>	<u>\$ 9,125</u>

### Note 8—Landfill Postclosure Costs:

The County closed its two landfills and is liable for postclosure monitoring for a period of five years. The amount reported as landfill postclosure liability at June 30, 2010, represents the estimated liability for postclosure monitoring, of \$2,146,711 over the remaining four years. The liability includes an estimate for corrective action of \$2,000,000 as required by the Virginia Department of Environmental Quality. These amounts are based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9vac20-70 of the Virginia Administrative Code.

### Note 9—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$431,842 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$262,693 at June 30, 2010.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2010 but paid in advance by the taxpayers totaled \$22,074 at June 30, 2010.

Deferred Grant Revenue - Deferred revenue representing unspent radio system grant funds not available for funding of current expenditures totaled \$147,075 at June 30, 2010.

## COUNTY OF KING & QUEEN, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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#### ***Note 10—Contingent Liabilities:***

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Federal programs in which the County and discretely presented component unit participate were audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

#### ***Note 11—Litigation:***

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At June 30, 2010, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

#### ***Note 12—Risk Management:***

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The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

## COUNTY OF KING & QUEEN, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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#### ***Note 13—Defined Benefit Pension Plan:***

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##### **A. Plan Description**

Name of Plan: Virginia Retirement System (VRS)  
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan  
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/publications/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

##### **B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's non-professional contribution rates for the fiscal year ended 2010 were 8.47% and 6.73% of annual covered payroll, respectively.

The King and Queen County School Board professional employees current rate was 8.81% of annual covered payroll for July 2009 through March 2010 and zero (0.00%) for April through June 2010. The contribution requirements of plan members and King and Queen County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2010, 2009, and 2008 were \$314,729, \$447,207, and \$505,999, respectively, and equal to the required contributions for each year.

# COUNTY OF KING & QUEEN, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

### Note 13—Defined Benefit Pension Plan: (Continued)

#### C. Annual Pension Cost

For the fiscal year 2010, the County's annual pension cost of \$206,884 (which does not include the portion of the employee share assumed by the County which was \$122,127) was equal to the County's required and actual contributions.

For the fiscal year 2010, the County School Board's annual pension cost for the Board's non-professional employees was \$59,546 (which does not include the portion of the employees share assumed by the County which was \$44,265) which was equal to the Board's required and actual contributions.

Three Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2010	\$ 206,884	100%	\$ -
June 30, 2009	203,616	100%	-
June 30, 2008	118,389	100%	-
School Board:			
Non-Professional:			
June 30, 2010	\$ 59,546	100%	\$ -
June 30, 2009	61,876	100%	-
June 30, 2008	58,671	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

AS OF JUNE 30, 2010

**Note 13—Defined Benefit Pension Plan: (Continued)**

**D. Funded Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the plan was 90.24% funded. The actuarial accrued liability for benefits was \$7,207,048 and the actuarial value of assets was \$6,503,850, resulting in an unfunded actuarial accrued liability (UAAL) of \$703,198. The covered payroll (annual payroll of active employees covered by the plan) was \$2,578,456, and ratio of the UAAL to covered payroll was 27.27%.

As of June 30, 2009, the most recent actuarial valuation date, the School Board's Non-Professional plan was 99.61% funded. The actuarial accrued liability for benefits was \$1,985,084 and the actuarial value of assets was \$1,977,441, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,643. The covered payroll (annual payroll of active employees covered by the plan) was \$925,048 and ratio of the UAAL to the covered payroll was 0.83%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Note 14—Surety Bonds:**

	Amount
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Deborah F. Longest, Clerk of the Circuit Court	\$ 555,000
Irene Longest, Treasurer	300,000
Helen M. Longest, Commissioner of the Revenue	3,000
E. D. Walton, Sheriff	30,000
Department of Risk Management-Public Official Liability:	
General Government Employees	1,000,000
Department of General Services - State Department-Surety:	
All Social Services Employees-blanket bond	100,000
Selective Insurance Company - Surety:	
All School Board Employees-blanket bond	1,000,000

## COUNTY OF KING & QUEEN, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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#### *Note 15—Postemployment Benefits Other Than Pensions:*

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##### Plan Description

The County allows retirees that retire at the age of 50 with at least 30 years of service or at the age of 55 with at least 20 years of service to remain on their health insurance plan. The employee/retiree pays 100% of the rate. Benefits end at the age of 65. Health benefits include medical, dental and vision.

The King and Queen County Schools retirees must meet one of the following requirements to be eligible for health benefits.

- Attained the age of 65 with at least 5 years of service for unreduced pension retirement benefits.
- Attained the age of 50 with at least 30 years of service for unreduced pension retirement benefits.
- Attained the age of 55 with at least 5 years of service for reduced pension retirement benefits.
- Attained the age of 50 with at least 10 years of service for reduced pension retirement benefits.

Health benefits include medical and dental. Retirees under the age of 65 may choose one of the following options:

- Optima Low Option Open Access (HMO)
- Optima High Option Open Access (HMO)
- Optima Open Access (POS)

Health benefits cease at the retiree's age of 65. Spouse coverage ceases when the retiree's coverage ceases.

##### Funding Policy

The Schools currently have 8 retirees on their plan. The County has 2 retirees on their plan. The employee/retiree pays 100% of the rate. The contribution requirements of plan members and the County is established annually by the Board of Supervisors and the School Board.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2010

**Note 15--Postemployment Benefits Other Than Pensions: (Continued)**

Annual OPEB Cost and Net OPEB Obligation

The County and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the County and School Board. The following table shows the components of the County and School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County and School Board's net OPEB obligation to the Retiree Health Plan:

	COUNTY	SCHOOLS
Annual required contribution	\$ 2,476	\$ 37,300
Interest on net OPEB obligation	-	516
Adjustment to annual required contribution	(500)	(454)
Annual OPEB cost (expense)	\$ 1,976	\$ 37,362
Estimated Contributions made	-	(19,900)
Increase in net OPEB obligation	1,976	17,462
Net OPEB obligation-beginning of year	2,976	12,900
Net OPEB obligation-end of year	\$ 4,952	\$ 30,362

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009 and 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County : 6/30/2010	\$ 1,976	0.00%	\$ 4,952
6/30/2009	2,976	0.00%	2,976
Schools: 6/30/2010	37,362	53.26%	30,362
6/30/2009	37,300	65.42%	12,900

## COUNTY OF KING & QUEEN, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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#### *Note 15—Postemployment Benefits Other Than Pensions: (Continued)*

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##### Funded Status and Funding Progress

As of June 30, 2009, the County's actuarial accrued liability for benefits was \$79,071, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,578,456, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 3.07 percent.

As of January 1, 2009, the most recent actuarial date, the School Board's actuarial accrued liability for benefits was \$295,600, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,270,100, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 5.61 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

##### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2009 actuarial valuation, the projected unit credit method was used for the School Board's plan. The County has elected for its retirees to calculate information of an actuarial nature using the alternative measurement method permitted by GASB 43 for plans with fewer than 100 employees.



## COUNTY OF KING & QUEEN, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2010

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#### *Note 15-Postemployment Benefits Other Than Pensions: (Continued)*

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##### Actuarial Methods and Assumptions (Continued)

The following simplifying assumptions were made relative to both the County and School Board plans:

*Retirement age for active employees*-Retirement age was estimated based on tables used for the VRS pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

*Mortality*-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females projected to 2010 using Scale AA.

*Coverage elections* -The actuary assumed that 70% of eligible County retirees and 85% of School retirees will elect coverage.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 4.0% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010 was thirty years.

#### *Note 16-Other Post-Employment Benefits (OPEB):*

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##### **A. Plan Description**

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 13.

COUNTY OF KING & QUEEN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2010

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*Note 16-Other Post-Employment Benefits (OPEB): (Continued)*

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**B. Funding Policy**

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were \$37,153, \$54,822, and \$56,986, respectively and equaled the required contributions for each year.

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## ***REQUIRED SUPPLEMENTARY INFORMATION***

### ***NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:***

***Presented budgets were prepared in accordance  
with accounting principles generally accepted in the  
United States of America.***

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County of King and Queen, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 5,016,762	\$ 5,016,762	\$ 5,678,269	\$ 661,507
Other local taxes	493,000	493,000	639,854	146,854
Permits, privilege fees, and regulatory licenses	64,600	64,600	78,962	14,362
Fines and forfeitures	118,000	118,000	147,261	29,261
Revenue from the use of money and property	248,000	248,000	75,219	(172,781)
Charges for services	3,722,700	3,722,700	3,582,906	(139,794)
Miscellaneous	48,000	48,000	128,569	80,569
Recovered costs	67,249	67,249	85,994	18,745
Intergovernmental revenues:				
Commonwealth	2,445,789	2,497,848	2,260,258	(237,590)
Federal	719,503	722,422	743,500	21,078
Total revenues	\$ 12,943,603	\$ 12,998,581	\$ 13,420,792	\$ 422,211
EXPENDITURES				
Current:				
General government administration	\$ 1,308,289	\$ 1,347,805	\$ 1,171,879	\$ 175,926
Judicial administration	558,998	558,998	513,882	45,116
Public safety	2,217,207	2,267,560	1,972,378	295,182
Public works	815,464	831,327	715,845	115,482
Health and welfare	1,511,345	1,511,345	1,297,721	213,624
Education	4,289,080	3,840,403	3,765,988	74,415
Parks, recreation, and cultural	205,081	205,081	198,307	6,774
Community development	634,000	666,878	554,621	112,257
Capital projects	366,050	390,505	161,406	229,099
Debt service:				
Principal retirement	155,000	511,679	511,679	-
Interest and other fiscal charges	90,666	182,664	184,664	(2,000)
Total expenditures	\$ 12,151,180	\$ 12,314,245	\$ 11,048,370	\$ 1,265,875
Excess (deficiency) of revenues over (under) expenditures	\$ 792,423	\$ 684,336	\$ 2,372,422	\$ 1,688,086
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (493,930)	\$ (493,930)	\$ (472,579)	\$ 21,351
Total other financing sources and uses	\$ (493,930)	\$ (493,930)	\$ (472,579)	\$ 21,351
Net change in fund balances	\$ 298,493	\$ 190,406	\$ 1,899,843	\$ 1,709,437
Fund balances - beginning	(298,493)	(190,406)	14,709,177	14,899,583
Fund balances - ending	\$ -	\$ -	\$ 16,609,020	\$ 16,609,020

County of King and Queen, Virginia  
Schedule of Pension Funding Progress  
For the Year Ended June 30, 2010

## Primary Government:

## County Retirement Plan

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
6/30/2009	\$ 6,503,850	\$ 7,207,048	\$ 703,198	90.24%	\$ 2,578,456	27.27%
6/30/2008	6,191,107	6,647,737	456,630	93.13%	2,024,933	22.55%
6/30/2007	5,547,119	6,000,434	453,315	92.45%	2,025,689	22.38%
6/30/2006	4,906,084	5,739,776	833,692	85.48%	1,942,110	42.93%
6/30/2005	4,567,298	5,374,587	807,289	84.98%	1,829,111	44.14%
6/30/2004	4,410,403	4,557,884	147,481	96.76%	1,672,775	8.82%
6/30/2003	4,302,675	3,890,964	(411,711)	110.58%	1,549,671	-26.57%
6/30/2002	4,209,062	3,602,664	(606,398)	116.83%	1,551,693	-39.08%
6/30/2001	4,066,188	3,336,179	(730,009)	121.88%	1,341,932	-54.40%
6/30/2000	3,676,845	2,992,560	(684,285)	122.87%	1,319,471	-51.86%

## Discretely Presented Component Unit:

## School Board Non-Professional Retirement Plan

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
6/30/2009	\$ 1,977,441	\$ 1,985,084	\$ 7,643	99.61%	\$ 925,048	0.83%
6/30/2008	1,837,601	1,900,872	63,271	96.67%	900,562	7.03%
6/30/2007	1,575,895	1,713,197	137,302	91.99%	894,744	15.35%
6/30/2006	1,331,249	1,522,373	191,124	87.45%	819,337	23.33%
6/30/2005	1,205,698	1,522,670	316,972	79.18%	783,605	40.45%
6/30/2004	1,142,361	1,207,766	65,405	94.58%	749,441	8.73%
6/30/2003	1,059,446	967,019	(92,427)	109.56%	613,703	-15.06%
6/30/2002	963,648	919,109	(44,539)	104.85%	642,254	-6.93%
6/30/2001	856,431	820,348	(36,083)	104.40%	621,289	-5.81%
6/30/2000	723,652	785,744	62,092	92.10%	573,759	10.82%

County of King and Queen, Virginia  
Schedule of Funding Progress - Retiree Healthcare Plan  
For the Year Ended June 30, 2010

Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	(1) Annual Covered Payroll (c)	UAAL as % of Payroll ((b-a)/c)
County 6/30/2009	\$ -	\$ 79,071	\$ 79,071	0.00%	2,578,456	3.07%
School Board: 1/1/2009	\$ -	\$ 295,600	\$ 295,600	0.00%	5,270,100	5.61%

(1) The County's Annual Covered Payroll was obtained from their June 30, 2009 VRS Actuarial Valuation.



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## *OTHER SUPPLEMENTARY INFORMATION*

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*COMBINING AND INDIVIDUAL FUND STATEMENTS AND  
SCHEDULES*

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County of King and Queen, Virginia  
 Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,868	\$ 1,868
Total revenues	\$ -	\$ -	\$ 1,868	\$ 1,868
<b>EXPENDITURES</b>				
Capital projects	\$ 150,000	\$ 524,066	\$ 293,404	\$ 230,662
Total expenditures	\$ 150,000	\$ 524,066	\$ 293,404	\$ 230,662
Excess (deficiency) of revenues over (under) expenditures	\$ (150,000)	\$ (524,066)	\$ (291,536)	\$ 232,530
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Total other financing sources and uses	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Net change in fund balances	\$ -	\$ (374,066)	\$ (141,536)	\$ 232,530
Fund balances - beginning	-	374,066	588,996	214,930
Fund balances - ending	\$ -	\$ -	\$ 447,460	\$ 447,460

County of King and Queen, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Special Revenue Fund  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 3,258	\$ 3,258
Miscellaneous	3,930	-	-	-
Intergovernmental revenues:				
Commonwealth	592,570	592,570	518,767	(73,803)
Total revenues	\$ 596,500	\$ 592,570	\$ 522,025	\$ (70,545)
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 74,000	\$ 74,000	\$ 56,052	\$ 17,948
Health and welfare	762,500	771,107	635,069	136,038
Total expenditures	\$ 836,500	\$ 845,107	\$ 691,121	\$ 153,986
Excess (deficiency) of revenues over (under) expenditures	\$ (240,000)	\$ (252,537)	\$ (169,096)	\$ 83,441
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 340,000	\$ 343,930	\$ 322,579	\$ (21,351)
Transfers out	(100,000)	(100,000)	-	100,000
Total other financing sources and uses	\$ 240,000	\$ 243,930	\$ 322,579	\$ 78,649
Net change in fund balances	\$ -	\$ (8,607)	\$ 153,483	\$ 162,090
Fund balances - beginning	-	8,607	1,157,948	1,149,341
Fund balances - ending	\$ -	\$ -	\$ 1,311,431	\$ 1,311,431

County of King and Queen, Virginia  
Combining Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010

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	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Soil and Erosion Deposit Escrow</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,861	\$ 18,105	\$ 32,966
Total assets	<u>\$ 14,861</u>	<u>\$ 18,105</u>	<u>\$ 32,966</u>
<b>LIABILITIES</b>			
Amounts held for social services clients	\$ 14,861	\$ -	\$ 14,861
Amounts held for others	-	18,105	18,105
Total liabilities	<u>\$ 14,861</u>	<u>\$ 18,105</u>	<u>\$ 32,966</u>



## County of King and Queen, Virginia

Fiduciary Funds  
Statement of Changes in Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 15,230	\$ 15,001	\$ 15,370	\$ 14,861
Liabilities:				
Amounts held for social services clients	\$ 15,230	\$ 15,001	\$ 15,370	\$ 14,861
<b>Soil and Erosion Deposit Escrow Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 18,105	\$ -	\$ -	\$ 18,105
Liabilities:				
Amounts held for others	\$ 18,105	\$ -	\$ -	\$ 18,105
<b>Totals -- All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 33,335	\$ 15,001	\$ 15,370	\$ 32,966
Total assets	\$ 33,335	\$ 15,001	\$ 15,370	\$ 32,966
Liabilities:				
Amounts held for others	\$ 18,105	\$ -	\$ -	\$ 18,105
Amounts held for social services clients	15,230	15,001	15,370	14,861
Total liabilities	\$ 33,335	\$ 15,001	\$ 15,370	\$ 32,966

*DISCRETELY PRESENTED COMPONENT UNIT*  
*SCHOOL BOARD*

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County of King and Queen, Virginia  
Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2010

	School Operating <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>			
Receivables (net of allowance for uncollectibles):			
Accounts receivable	\$ 100,873	\$ 883	\$ 101,756
Due from other governmental units	835,212	51,905	887,117
Inventories	-	8,478	8,478
Total assets	<u>\$ 936,085</u>	<u>\$ 61,266</u>	<u>\$ 997,351</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 936,085	\$ 27,926	\$ 964,011
Reconciled overdraft payable	-	68,115	68,115
Total liabilities	<u>\$ 936,085</u>	<u>\$ 96,041</u>	<u>\$ 1,032,126</u>
Fund balances:			
Unreserved:			
Undesignated	\$ -	\$ (34,775)	\$ (34,775)
Total fund balances	<u>\$ -</u>	<u>\$ (34,775)</u>	<u>\$ (34,775)</u>
Total liabilities and fund balances	<u>\$ 936,085</u>	<u>\$ 61,266</u>	<u>\$ 997,351</u>

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Total fund balances per above	\$ (34,775)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,588,774
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(121,608)
Net assets of governmental activities	<u>\$ 3,432,391</u>

County of King and Queen, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2010

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
<b>REVENUES</b>			
Charges for services	\$ -	\$ 138,712	\$ 138,712
Miscellaneous	200,986	-	200,986
Intergovernmental revenues:			
Local government	3,761,080	-	3,761,080
Commonwealth	4,525,936	4,567	4,530,503
Federal	1,341,615	288,931	1,630,546
Total revenues	<u>\$ 9,829,617</u>	<u>\$ 432,210</u>	<u>\$ 10,261,827</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 9,829,617	\$ 439,572	\$ 10,269,189
Total expenditures	<u>\$ 9,829,617</u>	<u>\$ 439,572</u>	<u>\$ 10,269,189</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (7,362)</u>	<u>\$ (7,362)</u>
Net change in fund balances	\$ -	\$ (7,362)	\$ (7,362)
Fund balances - beginning	-	(27,413)	(27,413)
Fund balances - ending	<u>\$ -</u>	<u>\$ (34,775)</u>	<u>\$ (34,775)</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ (7,362)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Depreciation expense	\$ (334,287)	
Transfer of joint tenancy assets to Component Unit from Primary Government	<u>356,680</u>	22,393

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

Decrease (increase) in compensated absences	\$ 33,657	
Decrease (increase) in OPEB liability	<u>(17,462)</u>	16,195

Change in net assets of governmental activities \$ 31,226

County of King and Queen, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2010

	School Operating Fund			Variance with Final Budget Positive Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ 178,618	\$ 178,618	\$ 200,986	\$ 22,368
Intergovernmental revenues:				
Local government	4,284,172	3,835,495	3,761,080	(74,415)
Commonwealth	5,034,335	5,034,335	4,525,936	(508,399)
Federal	1,012,769	1,784,458	1,341,615	(442,843)
Total revenues	\$ 10,509,894	\$ 10,832,906	\$ 9,829,617	\$ (1,003,289)
EXPENDITURES				
Current:				
Education	\$ 10,068,439	\$ 10,840,128	\$ 9,829,617	\$ 1,010,511
Total expenditures	\$ 10,517,116	\$ 10,840,128	\$ 9,829,617	\$ 1,010,511
Excess (deficiency) of revenues over (under) expenditures	\$ (7,222)	\$ (7,222)	\$ -	\$ 7,222
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 7,222	\$ 7,222	\$ -	\$ (7,222)
Total other financing sources and uses	\$ 7,222	\$ 7,222	\$ -	\$ (7,222)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

County of King and Queen, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2010

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 170,353	\$ 170,353	\$ 138,712	\$ (31,641)
Intergovernmental revenues:				
Commonwealth	4,654	4,654	4,567	(87)
Federal	250,000	250,000	288,931	38,931
Total revenues	<u>\$ 425,007</u>	<u>\$ 425,007</u>	<u>\$ 432,210</u>	<u>\$ 7,203</u>
EXPENDITURES				
Current:				
Education	\$ 425,007	\$ 425,007	\$ 439,572	\$ (14,565)
Total expenditures	<u>\$ 425,007</u>	<u>\$ 425,007</u>	<u>\$ 439,572</u>	<u>\$ (14,565)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,362)</u>	<u>\$ (7,362)</u>
Net change in fund balances	\$ -	\$ -	\$ (7,362)	\$ (7,362)
Fund balances - beginning	-	-	(27,413)	(27,413)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,775)</u>	<u>\$ (34,775)</u>

## *SUPPORTING SCHEDULES*



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County of King and Queen, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Schedule 1  
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 3,643,461	\$ 3,643,461	\$ 3,792,300	\$ 148,839
Real and personal public service corporation taxes	49,890	49,890	86,720	36,830
Personal property taxes	1,063,006	1,063,006	1,391,606	328,600
Mobile home taxes	19,500	19,500	31,869	12,369
Machinery and tools taxes	172,532	172,532	171,246	(1,286)
Merchant's capital taxes	18,373	18,373	27,384	9,011
Penalties	30,000	30,000	117,444	87,444
Interest	20,000	20,000	59,700	39,700
Total general property taxes	<u>\$ 5,016,762</u>	<u>\$ 5,016,762</u>	<u>\$ 5,678,269</u>	<u>\$ 661,507</u>
Other local taxes:				
Local sales and use taxes	\$ 120,000	\$ 120,000	\$ 173,820	\$ 53,820
Consumers' utility taxes	113,000	113,000	193,302	80,302
Motor vehicle licenses	175,000	175,000	205,622	30,622
Bank stock taxes	5,000	5,000	4,245	(755)
Taxes on recordation and wills	80,000	80,000	62,865	(17,135)
Total other local taxes	<u>\$ 493,000</u>	<u>\$ 493,000</u>	<u>\$ 639,854</u>	<u>\$ 146,854</u>
Permits, privilege fees, and regulatory licenses:				
Dog licenses	\$ 5,000	\$ 5,000	\$ 7,564	\$ 2,564
Land use application fees	5,000	5,000	12,750	7,750
Transfer fees	500	500	315	(185)
Permits and other licenses	54,100	54,100	58,333	4,233
Total permits, privilege fees, and regulatory licenses	<u>\$ 64,600</u>	<u>\$ 64,600</u>	<u>\$ 78,962</u>	<u>\$ 14,362</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 118,000	\$ 118,000	\$ 147,261	\$ 29,261
Revenue from use of money and property:				
Revenue from use of money	\$ 230,000	\$ 230,000	\$ 54,829	\$ (175,171)
Revenue from use of property	18,000	18,000	20,390	2,390
Total revenue from use of money and property	<u>\$ 248,000</u>	<u>\$ 248,000</u>	<u>\$ 75,219</u>	<u>\$ (172,781)</u>
Charges for services:				
Sheriff's fees	\$ 450	\$ 450	\$ 447	\$ (3)
Court costs	2,750	2,750	4,211	1,461
Criminal/traffic cases fees-security	25,000	25,000	39,812	14,812
Courthouses maintenance fees	6,500	6,500	8,015	1,515
Charges for Commonwealth's Attorney	500	500	309	(191)
Landfill host fees	3,685,000	3,685,000	3,528,809	(156,191)
Charges for correction and detention	1,500	1,500	1,303	(197)

County of King and Queen, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Schedule 1  
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for parks and recreation	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Total charges for services	\$ 3,722,700	\$ 3,722,700	\$ 3,582,906	\$ (139,794)
Miscellaneous revenue:				
Miscellaneous	\$ 48,000	\$ 48,000	\$ 128,569	\$ 80,569
Recovered costs:				
Advertising for delinquent taxes	\$ 3,000	\$ 3,000	\$ 132	\$ (2,868)
Drug enforcement restitution	-	-	809	809
Juror fees	3,000	3,000	2,781	(219)
Finance director shared services	41,249	41,249	43,522	2,273
Airport management services	-	-	18,750	18,750
School resource officer	20,000	20,000	20,000	-
Total recovered costs	\$ 67,249	\$ 67,249	\$ 85,994	\$ 18,745
Total revenue from local sources	\$ 9,778,311	\$ 9,778,311	\$ 10,417,034	\$ 638,723
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 20,000	\$ 20,000	\$ 14,424	\$ (5,576)
Communications tax	67,000	67,000	91,927	24,927
Rolling stock tax	-	-	45	45
Spay and neuter programs	100	100	-	(100)
Additional tax on deeds	20,000	20,000	29,113	9,113
State recordation tax	-	-	34,316	34,316
Personal property tax relief funds	840,000	840,000	856,773	16,773
Reduction in aid to local governments	(40,335)	(40,335)	(40,335)	-
Total noncategorical aid	\$ 906,765	\$ 906,765	\$ 986,263	\$ 79,498
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 142,229	\$ 142,229	\$ 142,922	\$ 693
Sheriff	467,541	467,541	443,210	(24,331)
Commissioner of revenue	75,913	75,913	75,178	(735)
Treasurer	71,236	71,236	69,734	(1,502)
Registrar/electoral board	33,000	33,000	32,113	(887)
Clerk of the Circuit Court	122,019	122,019	135,839	13,820
Total shared expenses	\$ 911,938	\$ 911,938	\$ 898,996	\$ (12,942)
Other categorical aid:				
Public assistance and welfare administration	\$ 386,015	\$ 386,015	\$ 329,999	\$ (56,016)
Emergency medical services - four for life	-	47,434	8,035	(39,399)
TEA21 Grant	213,571	213,571	-	(213,571)
Litter control	500	5,125	5,125	-
Forest reserve funds	-	-	11,318	11,318
Court security equipment grant	5,000	5,000	-	(5,000)
Arts grant	2,000	2,000	-	(2,000)

County of King and Queen, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Schedule 1  
Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Fire programs fund	\$ 18,000	\$ 18,000	\$ 20,476	\$ 2,476
Spay/neuter program	-	-	46	46
Juror reimbursement	2,000	2,000	-	(2,000)
Total other categorical aid	<u>\$ 627,086</u>	<u>\$ 679,145</u>	<u>\$ 374,999</u>	<u>\$ (304,146)</u>
Total categorical aid	<u>\$ 1,539,024</u>	<u>\$ 1,591,083</u>	<u>\$ 1,273,995</u>	<u>\$ (317,088)</u>
Total revenue from the Commonwealth	<u>\$ 2,445,789</u>	<u>\$ 2,497,848</u>	<u>\$ 2,260,258</u>	<u>\$ (237,590)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 707,003	\$ 707,003	\$ 563,052	\$ (143,951)
Transportation safety	12,500	15,419	9,113	(6,306)
Homeland security grant	-	-	32,850	32,850
Sheriff's JAG grant - ARRA	-	-	15,702	15,702
Community development block grant	-	-	122,783	122,783
Total categorical aid	<u>\$ 719,503</u>	<u>\$ 722,422</u>	<u>\$ 743,500</u>	<u>\$ 21,078</u>
Total revenue from the federal government	<u>\$ 719,503</u>	<u>\$ 722,422</u>	<u>\$ 743,500</u>	<u>\$ 21,078</u>
Total General Fund	<u>\$ 12,943,603</u>	<u>\$ 12,998,581</u>	<u>\$ 13,420,792</u>	<u>\$ 422,211</u>
<b>Special Revenue Funds:</b>				
Revenue from local sources:				
Other local taxes:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,258</u>	<u>\$ 3,258</u>
Miscellaneous revenue:				
Miscellaneous	<u>\$ 3,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total revenue from local sources	<u>\$ 3,930</u>	<u>\$ -</u>	<u>\$ 3,258</u>	<u>\$ 3,258</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	<u>\$ 74,000</u>	<u>\$ 74,000</u>	<u>\$ 91,927</u>	<u>\$ 17,927</u>
Total noncategorical aid	<u>\$ 74,000</u>	<u>\$ 74,000</u>	<u>\$ 91,927</u>	<u>\$ 17,927</u>
Categorical aid:				
Comprehensive Services Act	<u>\$ 518,570</u>	<u>\$ 518,570</u>	<u>\$ 392,282</u>	<u>\$ (126,288)</u>
Wireless grant	<u>-</u>	<u>-</u>	<u>34,558</u>	<u>34,558</u>
Total categorical aid	<u>\$ 518,570</u>	<u>\$ 518,570</u>	<u>\$ 426,840</u>	<u>\$ (91,730)</u>
Total revenue from the Commonwealth	<u>\$ 592,570</u>	<u>\$ 592,570</u>	<u>\$ 518,767</u>	<u>\$ (73,803)</u>
Total Special Revenue Funds	<u>\$ 596,500</u>	<u>\$ 592,570</u>	<u>\$ 522,025</u>	<u>\$ (70,545)</u>

County of King and Queen, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,868	\$ 1,868
<b>Total capital projects</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,868</b>	<b>\$ 1,868</b>
<b>Total Primary Government</b>	<b>\$ 13,540,103</b>	<b>\$ 13,591,151</b>	<b>\$ 13,944,685</b>	<b>\$ 353,534</b>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous	\$ 178,618	\$ 178,618	\$ 200,986	\$ 22,368
<b>Total revenue from local sources</b>	<b>\$ 178,618</b>	<b>\$ 178,618</b>	<b>\$ 200,986</b>	<b>\$ 22,368</b>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of King and Queen	\$ 4,284,172	\$ 3,835,495	\$ 3,761,080	\$ (74,415)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 856,725	\$ 856,725	\$ 817,584	\$ (39,141)
Basic school aid	2,431,284	2,431,284	2,138,833	(292,451)
Remedial summer education	86,919	86,919	-	(86,919)
At risk payments	244,467	244,467	237,859	(6,608)
Early reading intervention	13,170	13,170	7,525	(5,645)
Enrollment loss	46,181	46,181	36,323	(9,858)
ESL	8,612	8,612	4,905	(3,707)
Gifted and talented	21,381	21,381	20,568	(813)
Homebound	5,531	5,531	1,283	(4,248)
Lottery proceeds	-	-	51,620	51,620
Mentor teacher program	668	668	371	(297)
Mentor teacher program - hard to staff	-	-	4,732	4,732
Remedial education	20,288	20,288	83,612	63,324
School construction	42,237	42,237	-	(42,237)
School fringes	350,929	350,929	289,734	(61,195)
Primary class size	96,965	96,965	102,881	5,916
Special education	571,711	571,711	549,959	(21,752)
Standards of Learning algebra readiness	11,530	11,530	11,530	-
Middle school teacher corps	-	-	5,000	5,000

County of King and Queen, Virginia  
Schedule of Revenues - Budget and Actual  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Career switcher mentor grant	\$ -	\$ -	\$ 2,668	\$ 2,668
Textbook payment	55,089	55,089	-	(55,089)
Technology grant	128,000	128,000	120,133	(7,867)
Vocational education	42,648	42,648	38,816	(3,832)
Total categorical aid	\$ 5,034,335	\$ 5,034,335	\$ 4,525,936	\$ (508,399)
Total revenue from the Commonwealth	\$ 5,034,335	\$ 5,034,335	\$ 4,525,936	\$ (508,399)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 220,168	\$ 276,898	\$ 214,863	\$ (62,035)
Title I - ARRA	-	114,186	96,612	(17,574)
Vocational education	18,610	18,610	8,358	(10,252)
1003G School improvement grant	-	96,817	78,844	(17,973)
21st century learning center	-	170,000	103,727	(66,273)
Title IV - Part A	3,909	3,548	-	(3,548)
Title VIB	229,150	244,378	244,378	-
Title VIB - ARRA	-	119,377	119,377	-
Title II - Part D	4,039	2,137	1,930	(207)
Title II - Part D - ARRA	-	5,411	5,250	(161)
Title III - Part A	-	-	1,520	1,520
Preschool grant	17,164	34,328	20,518	(13,810)
Preschool grant - ARRA	-	4,020	4,020	-
Title II - Part A	58,709	60,210	38,827	(21,383)
Gear up	-	12,170	12,012	(158)
JROTC grant	65,762	65,762	66,121	359
State fiscal stabilization fund - ARRA	325,258	486,606	325,258	(161,348)
Medicaid	70,000	70,000	-	(70,000)
Total categorical aid	\$ 1,012,769	\$ 1,784,458	\$ 1,341,615	\$ (442,843)
Total School Operating Fund	\$ 10,509,894	\$ 10,832,906	\$ 9,829,617	\$ (1,003,289)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 170,353	\$ 170,353	\$ 138,712	\$ (31,641)
Total charges for services	\$ 170,353	\$ 170,353	\$ 138,712	\$ (31,641)
Total revenue from local sources	\$ 170,353	\$ 170,353	\$ 138,712	\$ (31,641)

County of King and Queen, Virginia  
Schedule of Revenues - Budget and Actual  
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For the Year Ended June 30, 2010

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 4,654	\$ 4,654	\$ 4,567	\$ (87)
Total categorical aid	\$ 4,654	\$ 4,654	\$ 4,567	\$ (87)
Total revenue from the Commonwealth	\$ 4,654	\$ 4,654	\$ 4,567	\$ (87)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 250,000	\$ 250,000	\$ 261,601	\$ 11,601
Commodities	-	-	27,330	27,330
Total categorical aid	\$ 250,000	\$ 250,000	\$ 288,931	\$ 38,931
Total revenue from the federal government	\$ 250,000	\$ 250,000	\$ 288,931	\$ 38,931
Total School Cafeteria Fund	\$ 425,007	\$ 425,007	\$ 432,210	\$ 7,203
Total Discretely Presented Component Unit - School Board	\$ 10,934,901	\$ 11,257,913	\$ 10,261,827	\$ (996,086)

County of King and Queen, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 53,280	\$ 53,280	\$ 40,395	\$ 12,885
General and financial administration:				
County administrator	\$ 265,716	\$ 266,967	\$ 244,085	\$ 22,882
Information Technology	80,250	101,339	84,294	17,045
Legal services	114,929	117,315	113,107	4,208
Commissioner of revenue	209,601	210,962	205,219	5,743
Independent Auditor	33,000	38,000	36,640	1,360
Treasurer	239,559	239,559	204,223	35,336
Other general and financial administration	212,415	220,844	164,236	56,608
Total general and financial administration	\$ 1,155,470	\$ 1,194,986	\$ 1,051,804	\$ 143,182
Board of elections:				
Electoral board and officials	\$ 36,209	\$ 36,209	\$ 22,668	\$ 13,541
Registrar	63,330	63,330	57,012	6,318
Total board of elections	\$ 99,539	\$ 99,539	\$ 79,680	\$ 19,859
Total general government administration	\$ 1,308,289	\$ 1,347,805	\$ 1,171,879	\$ 175,926
Judicial administration:				
Courts:				
Circuit court	\$ 3,000	\$ 3,000	\$ 1,838	\$ 1,162
General district court	9,880	9,880	11,334	(1,454)
Special Magistrates	1,425	1,425	324	1,101
Juvenile and domestic relations court	15,460	15,460	10,476	4,984
Ninth District Court services unit	89,640	89,640	76,480	13,160
Victim witness assistance	3,588	3,588	1,750	1,838
Clerk of the circuit court	233,542	233,542	220,072	13,470
Total courts	\$ 356,535	\$ 356,535	\$ 322,274	\$ 34,261
Commonwealth's attorney:				
Commonwealth's attorney	\$ 202,463	\$ 202,463	\$ 191,608	\$ 10,855
Total judicial administration	\$ 558,998	\$ 558,998	\$ 513,882	\$ 45,116
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,209,735	\$ 1,212,654	\$ 1,109,903	\$ 102,751
Fire and rescue services:				
Fire department	\$ 138,000	\$ 138,000	\$ 138,292	\$ (292)
Ambulance and rescue services	71,900	71,900	83,332	(11,432)
Emergency medical services	663	663	663	-
Forestry services	12,348	12,348	11,852	496
Total fire and rescue services	\$ 222,911	\$ 222,911	\$ 234,139	\$ (11,228)



County of King and Queen, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
Payments to Regional Jail	\$ 489,509	\$ 489,509	\$ 324,274	\$ 165,235
Inspections:				
Building	\$ 106,325	\$ 106,325	\$ 88,799	\$ 17,526
Total inspections	\$ 106,325	\$ 106,325	\$ 88,799	\$ 17,526
Other protection:				
Animal control	\$ 129,959	\$ 129,959	\$ 121,529	\$ 8,430
Emergency services	58,568	106,002	93,714	12,288
Medical examiner	200	200	20	180
Total other protection	\$ 188,727	\$ 236,161	\$ 215,263	\$ 20,898
Total public safety	\$ 2,217,207	\$ 2,267,560	\$ 1,972,378	\$ 295,182
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 540,972	\$ 540,972	\$ 461,879	\$ 79,093
Maintenance of general buildings and grounds:				
General properties	\$ 274,492	\$ 290,355	\$ 253,966	\$ 36,389
Total public works	\$ 815,464	\$ 831,327	\$ 715,845	\$ 115,482
Health and welfare:				
Health:				
Supplement of local health department	\$ 73,856	\$ 73,856	\$ 55,727	\$ 18,129
Mental health and mental retardation:				
Community services board	\$ 20,821	\$ 20,821	\$ 20,821	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,336,572	\$ 1,336,572	\$ 1,152,893	\$ 183,679
Disability Services Board	2,000	2,000	2,000	-
Other Social Services	78,096	78,096	66,280	11,816
Total welfare	\$ 1,416,668	\$ 1,416,668	\$ 1,221,173	\$ 195,495
Total health and welfare	\$ 1,511,345	\$ 1,511,345	\$ 1,297,721	\$ 213,624
Education:				
Other instructional costs:				
Contributions to Community College	\$ 4,908	\$ 4,908	\$ 4,908	\$ -
Contribution to County School Board	4,284,172	3,835,495	3,761,080	74,415
Total education	\$ 4,289,080	\$ 3,840,403	\$ 3,765,988	\$ 74,415

County of King and Queen, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Schedule 2  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 6,150	\$ 6,150	\$ 4	\$ 6,146
Library:				
Contribution to county library	\$ 198,931	\$ 198,931	\$ 198,303	\$ 628
Total parks, recreation, and cultural	\$ 205,081	\$ 205,081	\$ 198,307	\$ 6,774
Community development:				
Planning and community development:				
Planning and zoning	\$ 171,496	\$ 169,749	\$ 156,496	\$ 13,253
Wetlands board	3,250	3,250	722	2,528
Board of zoning appeals	4,300	4,300	1,846	2,454
Community development block grant	-	-	115,254	(115,254)
Airport authority	51,135	51,135	71,630	(20,495)
Economic development	100,333	130,333	123,255	7,078
Tea-21 grant	213,571	213,571	8,617	204,954
Planning commission	40,000	40,000	34,358	5,642
Other community development	4,580	4,580	607	3,973
Total planning and community development	\$ 588,665	\$ 616,918	\$ 512,785	\$ 104,133
Environmental management:				
Contribution to soil and water conservation district	\$ 10,749	\$ 10,749	\$ 10,749	\$ -
Litter control program	500	5,125	1,917	3,208
RC & D Program	808	808	808	-
Total environmental management	\$ 12,057	\$ 16,682	\$ 13,474	\$ 3,208
Cooperative extension program:				
Extension office	\$ 33,278	\$ 33,278	\$ 28,362	\$ 4,916
Total community development	\$ 634,000	\$ 666,878	\$ 554,621	\$ 112,257
Capital projects:				
Capital projects	\$ 366,050	\$ 390,505	\$ 161,406	\$ 229,099
Total capital projects	\$ 366,050	\$ 390,505	\$ 161,406	\$ 229,099
Debt service:				
Principal retirement	\$ 155,000	\$ 511,679	\$ 511,679	\$ -
Interest and other fiscal charges	90,666	182,664	184,664	(2,000)
Total debt service	\$ 245,666	\$ 694,343	\$ 696,343	\$ (2,000)
Total General Fund	\$ 12,151,180	\$ 12,314,245	\$ 11,048,370	\$ 1,265,875
<b>Special Revenue Fund:</b>				
Public Safety:				
Sheriff:				
E-911 system	\$ 74,000	\$ 74,000	\$ 55,491	\$ 18,509
Total Sheriff	\$ 74,000	\$ 74,000	\$ 55,491	\$ 18,509

County of King and Queen, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2010

Schedule 2  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Funds: (Continued)</b>				
Public Safety: (continued)				
Other protection:				
Forfeited assets	\$ -	\$ -	\$ 561	\$ (561)
Total public safety	\$ 74,000	\$ 74,000	\$ 56,052	\$ 17,948
Health and Welfare:				
Welfare:				
Comprehensive Services Act	\$ 762,500	\$ 771,107	\$ 635,069	\$ 136,038
Total Welfare	\$ 762,500	\$ 771,107	\$ 635,069	\$ 136,038
Total Special Revenue Fund	\$ 836,500	\$ 845,107	\$ 691,121	\$ 153,986
<b>Capital Projects Fund:</b>				
Capital projects expenditures:				
Capital projects expenditures	\$ 150,000	\$ 524,066	\$ 293,404	\$ 230,662
Total capital projects	\$ 150,000	\$ 524,066	\$ 293,404	\$ 230,662
Total Primary Government	\$ 13,137,680	\$ 13,683,418	\$ 12,032,895	\$ 1,650,523
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration, health and attendance	\$ 778,079	\$ 787,699	\$ 755,514	\$ 32,185
Instruction costs	7,225,822	7,975,749	7,135,318	840,431
Pupil transportation	989,240	1,000,465	943,724	56,741
Operation and maintenance of school plant	1,075,298	1,076,215	995,061	81,154
Total education	\$ 10,068,439	\$ 10,840,128	\$ 9,829,617	\$ 1,010,511
Debt service:				
Principal retirement	\$ 357,195	\$ -	\$ -	\$ -
Interest and other fiscal charges	91,482	-	-	-
Total debt service	\$ 448,677	\$ -	\$ -	\$ -
Total School Operating Fund	\$ 10,517,116	\$ 10,840,128	\$ 9,829,617	\$ 1,010,511
<b>Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 425,007	\$ 425,007	\$ 412,242	\$ 12,765
Commodities	-	-	27,330	(27,330)
Total school food services	\$ 425,007	\$ 425,007	\$ 439,572	\$ (14,565)
Total education	\$ 425,007	\$ 425,007	\$ 439,572	\$ (14,565)
Total School Cafeteria Fund	\$ 425,007	\$ 425,007	\$ 439,572	\$ (14,565)
Total Discretely Presented Component Unit - School Board	\$ 10,942,123	\$ 11,265,135	\$ 10,269,189	\$ 995,946

## *OTHER STATISTICAL SECTION*

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Table 1

County of King and Queen, Virginia  
Government-Wide Expenses by Function  
Last Eight Fiscal Years (1)

Fiscal Year	General				Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt			
2003	\$ 911,317	\$ 388,685	\$ 1,506,922	\$ 747,433	\$ 1,152,751	\$ 3,823,309	\$ 148,583	\$ 767,964	\$ 460,400	\$	\$ 9,907,364	
2004	874,973	514,195	1,532,918	568,633	1,273,415	3,931,391	151,259	536,269	412,885		9,795,938	
2005	1,060,365	506,447	1,507,805	648,691	1,323,143	4,009,833	153,996	367,843	322,320		9,900,443	
2006	1,031,852	562,272	1,496,012	676,572	1,632,731	4,434,348	165,401	429,013	288,996		10,717,197	
2007	1,019,799	590,168	1,773,096	726,985	1,757,721	5,338,975	173,818	291,868	260,407		11,932,837	
2008	1,182,630	689,333	1,930,910	735,960	2,109,521	5,350,926	188,401	825,805	231,322		13,244,808	
2009	1,260,537	601,917	2,201,455	2,948,485	2,072,942	4,321,829	214,630	456,491	201,368		14,279,654	
2010	1,174,459	610,178	2,399,846	681,508	1,909,365	4,122,668	207,000	571,849	171,635		11,848,508	

(1) Information has only been available for eight years.

County of King and Queen, Virginia  
Government-Wide Revenues  
Last Eight Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on Sale of Capital Assets		
2003	\$ 3,129,826	\$ 2,583,936	\$ -	\$	\$ 3,742,322	\$ 726,073	\$ 184,514	\$ 49,874	\$ 864,765	\$ -	\$	11,281,310
2004	3,958,017	2,213,309	-		3,838,869	769,121	145,519	61,558	857,587	-		11,843,980
2005	4,005,883	2,142,695	122,783		3,506,866	739,518	242,467	14,818	735,777	-		11,510,807
2006	3,863,171	2,333,862	-		4,267,063	764,145	447,464	72,055	1,133,924	-		12,881,684
2007	4,290,554	2,170,888	25,000		5,427,229	787,448	674,374	105,276	906,193	-		14,386,962
2008	4,476,891	2,489,220	435,110		5,273,163	819,271	652,770	61,233	965,834	18,945		15,192,437
2009	4,157,409	2,429,879	103,073		5,450,427	762,763	306,619	448,295	905,252	-		14,563,717
2010	3,809,129	2,321,552	122,783		5,488,787	639,854	80,345	128,569	1,078,190	-		13,669,209

(1) Information has only been available for eight years.

Table 3

County of King and Queen, Virginia  
General Governmental Expenditures by Function (1,3)  
Last Ten Fiscal Years

Fiscal Year	General			Public Safety	Public Works	Health and Welfare		Education (2)	Parks, Recreation, and Cultural		Community Development	Debt Service	Total
	Government Administration	Judicial Administration											
2001	\$ 737,765	\$ 286,185	\$ 1,283,501	\$ 493,342	\$ 1,167,796	\$ 8,598,354	\$ 120,673	\$ 310,459	\$ 1,226,946	\$ 14,225,021			
2002	812,883	366,491	1,288,428	607,554	1,177,694	9,024,141	123,568	530,005	1,132,230	15,062,994			
2003	800,175	379,645	1,659,147	664,287	1,129,216	9,026,197	139,890	767,820	2,591,359	17,157,736			
2004	866,892	404,297	1,519,464	638,435	1,253,724	8,975,418	142,565	537,646	1,186,181	15,524,622			
2005	906,020	416,189	1,621,304	722,307	1,311,835	9,661,559	145,303	384,770	802,156	15,971,443			
2006	1,020,584	450,736	1,521,395	691,646	1,612,480	10,687,468	156,708	434,857	784,383	17,360,257			
2007	1,062,685	480,250	1,833,305	752,922	1,758,135	11,077,211	160,436	306,923	761,325	18,193,192			
2008	1,165,088	581,038	1,933,856	725,509	2,112,770	11,665,106	179,708	822,467	733,279	19,918,821			
2009	1,258,270	493,137	2,125,239	747,643	2,042,172	11,228,294	205,937	456,520	714,627	19,271,839			
2010	1,171,879	513,882	2,028,430	715,845	1,932,790	10,274,097	198,307	554,621	696,343	18,086,194			

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

(3) Excludes Capital Projects expenditures.



Table 4

County of King and Queen, Virginia  
General Governmental Revenues by Source (1)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
2001	\$ 3,891,159	\$ 700,860	\$ 45,178	\$ 81,616	\$ 259,075	\$ 2,320,133	\$ 42,894	\$ 116,362	\$ 7,417,803	\$ 14,875,080
2002	3,737,447	717,479	54,833	85,869	201,407	3,056,150	46,261	60,614	8,003,448	15,963,508
2003	3,929,844	726,073	85,300	111,954	184,878	3,212,548	139,631	110,828	8,670,381	17,171,437
2004	3,836,016	769,121	66,377	63,343	145,924	3,986,533	71,994	201,961	8,171,551	17,312,820
2005	3,874,708	739,518	75,202	102,723	242,748	3,968,571	36,599	8,528	8,912,482	17,961,079
2006	4,190,947	764,145	118,990	105,093	447,708	3,779,573	203,545	60,359	9,802,473	19,472,833
2007	5,340,444	787,448	134,266	101,128	674,966	4,197,600	339,068	44,329	8,947,946	20,567,195
2008	5,249,624	819,271	108,920	101,754	652,520	4,414,084	287,826	9,664	10,224,591	21,868,254
2009	5,477,519	762,763	63,144	133,051	306,633	4,110,956	659,419	26,630	10,300,393	21,840,508
2010	5,678,269	639,854	78,962	147,261	78,477	3,721,618	329,555	85,994	9,683,574	20,443,564

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 5

County of King and Queen, Virginia  
Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent		Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1,2)		Percent of Delinquent Taxes to Tax Levy	
				Collections (1)	Tax Collections (1)		to Tax Levy		Taxes (1,2)		Tax Levy	
2001	\$ 4,344,906	\$ 4,147,411	95.45%	\$ 195,146	\$ 4,342,557	99.95%	\$ 419,565	9.66%				
2002	4,460,411	4,116,684	92.29%	174,019	4,290,703	96.20%	722,440	16.20%				
2003	4,484,481	4,315,671	96.24%	220,556	4,536,227	101.15%	639,704	14.26%				
2004	4,639,387	4,384,467	94.51%	145,549	4,530,016	97.64%	593,409	12.79%				
2005	4,574,883	4,287,799	93.72%	190,552	4,478,351	97.89%	387,592	8.47%				
2006	4,901,390	4,932,516	100.64%	221,878	5,154,394	105.16%	311,139	6.35%				
2007	6,612,760	5,974,714	90.35%	226,213	6,200,927	93.77%	320,540	4.85%				
2008	6,088,486	5,876,877	96.52%	175,231	6,052,108	99.40%	370,897	6.09%				
2009	6,303,965	6,078,961	96.43%	182,195	6,261,156	99.32%	390,138	6.19%				
2010	6,268,554	6,123,219	97.68%	234,679	6,357,898	101.43%	301,904	4.82%				

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

Table 6

County of King and Queen, Virginia  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Merchant's Capital	Public Utility (2)		Total
					Real Estate	Real Estate	
2001	\$ 333,287,467	\$ 48,365,330	\$ 12,453,525	\$ 2,315,253	\$ 18,093,969	\$	414,515,544
2002	338,178,000	50,626,633	12,930,995	1,752,356	18,378,366		421,866,350
2003	440,057,150	51,809,484	12,145,955	1,837,043	22,863,960		528,713,592
2004	446,957,421	55,139,132	12,820,775	1,972,554	21,848,271		538,738,153
2005	452,075,800	47,747,134	18,462,245	2,231,252	18,643,060		539,159,491
2006	460,207,178	59,836,243	16,532,922	2,314,788	16,787,331		555,678,462
2007	470,862,472	63,592,087	15,608,585	2,899,704	13,875,616		566,838,464
2008	759,696,379	65,245,642	15,612,800	3,072,540	19,571,641		863,199,002
2009	773,289,533	68,747,403	15,684,710	2,826,694	17,160,338		877,708,678
2010	784,602,233	66,823,674	15,441,892	4,179,900	18,311,989		889,359,688

(1) Real estate and personal property are assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

County of King and Queen, Virginia  
Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Merchant's Capital	Machinery and Tools
2001	\$ 0.75	\$ 3.94	\$ 0.65	\$ 0.99
2002	0.75	3.94	0.65	0.99
2003	0.58	3.94	0.65	0.99
2004	0.58	3.94	0.65	0.99
2005	0.58	3.94	0.65	0.99
2006	0.58	3.94	0.65	0.99
2007	0.76	3.94	0.65	0.99
2008	0.48	3.94	0.65	0.99
2009	0.48	3.94	0.65	1.10
2010	0.48	3.94	0.65	1.10

(1) Per \$100 of assessed value.

Table 8

County of King and Queen, Virginia  
Ratio of Net General Bonded Debt to  
Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)			
2001	6,630	\$ 414,515,544	\$ 4,910,740	- \$	- \$	4,910,740	1.18%	741
2002	6,630	421,866,350	4,489,373	-	-	4,489,373	1.06%	677
2003	6,630	528,713,592	4,048,055	-	-	4,048,055	0.77%	611
2004	6,630	538,738,153	3,343,840	-	-	3,343,840	0.62%	504
2005	6,630	539,159,491	2,989,993	-	-	2,989,993	0.55%	451
2006	6,630	555,678,462	2,631,195	-	-	2,631,195	0.47%	397
2007	6,630	566,838,464	2,277,104	-	-	2,277,104	0.40%	343
2008	6,630	863,199,002	1,927,405	-	-	1,927,405	0.22%	291
2009	6,630	877,708,678	1,571,654	-	-	1,571,654	0.18%	237
2010	6,630	889,359,688	1,214,975	-	-	1,214,975	0.14%	183

(1) Bureau of Census. Weldon Cooper Center for Public Service 2000 Census.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.  
Excludes revenue bonds, capital leases, and compensated absences.

(4) In accordance with the provisions of annexation settlements.

## *COMPLIANCE SECTION*

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To The Honorable Members of the Board of Supervisors  
County of King & Queen  
King & Queen Courthouse, Virginia

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of King and Queen, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of King and Queen, Virginia's basic financial statements and have issued our report thereon dated January 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of King and Queen, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of King and Queen, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of King and Queen, Virginia's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of King and Queen, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of the County of King and Queen, Virginia, in a separate letter dated January 18, 2011.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Roberson, Tamm, Cox Assents*

Richmond, Virginia  
January 18, 2011

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 Independent Auditors' Report

To The Honorable Members of the Board of Supervisors  
County of King & Queen  
King & Queen Courthouse, Virginia

### Compliance

We have audited County of King and Queen, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of King and Queen, Virginia's major federal programs for the year ended June 30, 2010. The County of King and Queen, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of King and Queen, Virginia's management. Our responsibility is to express an opinion on the County of King and Queen, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of King and Queen, Virginia's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of King and Queen, Virginia's compliance with those requirements.

In our opinion, the County of King and Queen, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2010.

### Internal Control Over Compliance

Management of the County of King and Queen, Virginia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of King and Queen, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of King and Queen, Virginia's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a control deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robenham, Farm, Cox Asante*

Richmond, Virginia  
January 18, 2011

County of King and Queen, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

Page 1 of 2

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	950109/0950110	\$ 14,672
Temporary assistance for needy families	93.558	400109/0400110	192,481
Refugee and entrant assistance - state administered programs	93.566	500109/500110	282
Low-income home energy assistance	93.568	600409/00600410	5,889
Child care and development cluster:			
Child care and development block grant	93.575	770109/0770110	16,706
Child care mandatory and matching funds of the child care and development fund	93.596	760109/0760110	30,767
ARRA - Child care and development block grant	93.713	740109/0780109	9,585
Chafee education and training vouchers	93.599	9160108/9130109	906
Child welfare services - state grants	93.645	900109/090110	284
Foster care - Title IV-E	93.658	1100109/1100110	52,148
ARRA - Foster care - Title IV-E	93.658	1100109/1100110	2,397
Adoption assistance	93.659	1120109/11201110	3,907
ARRA - Adoption assistance	93.659	1120109/11201110	38
Social services block grant	93.667	1000109/1000110	27,752
Chafee foster care independence program	93.674	9150109/9150110	720
Children's health insurance program	93.767	540109/0540110	5,631
Medical assistance program	93.778	1200109/1200110	72,631
Total Department of Health and Human Services			<u>\$ 436,796</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
Food distribution	10.555	17901-45707	\$ 27,330
Department of Education:			
School breakfast program	10.553	17901-40591	87,630
National school lunch program	10.555	17901-40623	173,971
Department of Social Services:			
SNAP Cluster:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	10109/0010110	124,069
ARRA - State administrative matching grants for the supplemental nutrition assistance program	10.561	40109/0040110	2,187
Total Department of Agriculture			<u>\$ 415,187</u>
U. S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
State homeland security grant	97.073	7750100-52749	\$ 32,850
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community development block grants	14.228	53505-50797	\$ 122,783
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and community highway safety program	20.600	60507-59250/50192	\$ 9,113

County of King and Queen, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

Page 2 of 2

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Defense:			
Direct payments:			
Junior ROTC	12.xxx	N/A	\$ 66,121
Department of Justice:			
Pass Through Payments:			
<i>Compensation Board:</i>			
Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	30712/30713/30716	\$ 15,702
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, Part A Cluster:			
Title I grants to local educational agencies	84.010	17901-42901	\$ 214,863
ARRA - Title I grants to local educational agencies	84.389	17901-42913	96,612
Special Education Cluster:			
Special education - grants to states	84.027	17901-43071	244,378
ARRA - Special education - grants to states	84.391	17901-61245	119,377
ARRA - Special education - preschool grants	84.392	17901-61247	4,020
Special education - preschool grants	84.173	17901-62521	20,518
Career and technical education - basic grants to states	84.048	17901-61095/61159	8,358
21st century community learning centers	84.287	17901-60565	103,727
Education Technology State Grants Cluster:			
Education technology state grants	84.318	17901-61600	1,930
Education technology state grants	84.386	17901-60897	5,250
Gear up grant	84.334	17117-0	12,012
English language acquisition grant	84.365	17901-60512	1,520
Improving teacher quality state grants	84.367	17901-61480	38,827
1003 G school improvement grant	84.377	17901-43040	78,844
ARRA - State fiscal stabilization fund - education state grants	84.394	17901-62532	325,258
Total Department of Education			\$ 1,275,494
Total Expenditures of Federal Awards			\$ 2,374,046

See accompanying notes to schedule of expenditures of federal awards.

County of King and Queen, Virginia

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

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Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of King and Queen, Virginia under programs of the federal government for the year ended June 30, 2010. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of King and Queen, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of King and Queen, Virginia.

Note B - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note C - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund

\$ 743,500

Total primary government

\$ 743,500

Component Unit Public Schools:

School Operating Fund

\$ 1,341,615

School Cafeteria Fund

288,931

Total component unit public schools

\$ 1,630,546

Total federal expenditures per basic financial statements

\$ 2,374,046

Total federal expenditures per the Schedule of Expenditures of Federal Awards

\$ 2,374,046

County of King & Queen, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010

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**Section I-Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes ✓ no

Significant deficiencies identified? \_\_\_\_\_ yes ✓ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes ✓ no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes ✓ no

Significant deficiencies identified? \_\_\_\_\_ yes ✓ none reported

Type of auditor's report issued on compliance  
for major programs:

unqualified

Any findings disclosed that are required to be  
reported in accordance with section 510(a) of  
Circular A-133?

\_\_\_\_\_ yes ✓ no

Identification of major programs:

CFDA Number(s)  
84.027/84.173/84.391/84.392  
84.010/84.389  
84.394

Name of Federal Program or Cluster  
Special Education Cluster  
Title I, Part A Cluster  
State Fiscal Stabilization Funds

Dollar threshold used to distinguish between type A  
and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

✓ yes \_\_\_\_\_ no

**Section II-Financial Statement Findings**

None

**Section III-Federal Award Findings and Questioned Costs**

None

County of King and Queen, Virginia

Prior Year Findings and Questioned Costs  
For the Year Ended June 30, 2010

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There were no prior year findings and questioned costs.



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